Draft Memorandum on the Mysore Claim.

Now that the great War has come to a close with victory and glory to the arms of Great Britain and her Allies, the Mysore Durbar desire to place before the Government of India a representation regarding the heavy annual cash subsidy of 35 lakhs of rupees which they have to pay to the British Government. A considerable amount of economic and financial readjustment will now take place in all parts of the Empire and this is therefore an opportune moment for considering the question in all its aspects. In the report on Indian Constitutional Reforms drawn up by His Excellency the Viceroy and Rt. Hon'ble the Secretary of State for India the need for re-examination of the position of Native States is admitted and it is suggested that "the time has come when it would be well to review the situation. of course only by consent of parties, not necessarily with a view to any change of policy but in order to simplify, standardise and codify existing practice for the future". The representation made in this Memorandum is only one aspect of such standardisation in respect of the Mysore State. The Durbar hope that the Government of India will view this matter in a generous and sympathetic spirit so that an arrangement which has hitherto placed the State at a considerably disadvantage when compared with other States may be revised and an impediment to its economic and educational progress effectively removed.

2. According to article 4 of the Treaty on 1913, the Subsidy is paid on account of the British Government having undertaken to defend and protect the territories of His Highness the Maharaja against all external enemies and to relieve him of the obligation to keep troops ready to serve with the

British Army when required. The amount of the Subsidy is fixed in the same article at Rs 35 lakhs payable in two half-yearly instalments. As a matter of fact the Subsidy has been paid for many years past in two instalments of 17½ lakhs each on the last days of January and March. From 1799 up to the rendition in 1881 the subsidy was fixed at 24½ lakhs per annum. In clause 5 of the Instrument of Transfer executed in the latter year the amount of the annual subsidy was fixed at Rs. 35 lakhs. But on a representation by the Durbar the Government of India decided not to levy the increased rate for 5 years from the date of His Highness the late Maharaja's accession and in 1885 the enhancement of the Subsidy was again postponed for 10 years. From 1st April 1896 the subsidy is being levied at the increased rate of Rs. 35 lakhs.

3. It is hardly necessary for the present purpose to trace in detail the history of the subsidy and its enhancement since 1896. Under art. 2 of the Subsidiary Treaty of 1799 a sum of 7 lakhs of Star Pagodas equivalent to Rs. 24½ lakhs was payable annually, by the Maharaja of Mysore to the British Government. The same Treaty provided that in case of hostilities being undertaken against any other power for defence of the territories of the contracting parties the Maharaja should in addition contribute towards the cost of such operations. In the Treaty of 1807 this indefinite pecuniary contribution in times of War was commuted to an obligation on the part of Mysore to maintain at all times a body of 4000 horse. It has been authoritatively stated* that of this number 1000 horse might be held to be required for the internal protection of the country and that the remaining 3000 alone would be available to accompany the British Army on service beyond Mysore territory. It is noteworthy however that while the cash subsidy of 24½ lakhs has been paid regularly the obligation to maintain

*P.6 printed collection.

4000 horse was not strictly enforced for many years. As circumstances changed and Southern India was transformed from a stormy fighting ground of several contending powers to a peaceful tract under the suzerainty of the British Government, the number of effective horse maintained by Mysore was permitted to be gradually reduced. That the spirit of the treaty intended such reduction as circumstances changed and the necessity for the Maharaja's maintaining a military force for helping the British in the event of hostilities gradually ceased, can be assumed from the fact that the number of horse maintained steadily declined during the 50 years of British administration until in March 1881 on the date of the rendition the force consisted of only the 1000 horse considered necessary for internal protection. On that date and for many years previous to it, the 3000 horse required for service with the British Army outside Mysore were not maintained. It is the annual cost of maintaining this 3000 horse calculated at the rate of one lakh of Star Pagodas per 1000 horse and amounting to 10½ lakhs of rupees which has been added to the Subsidy since 1896. The duty of maintaining 3000 horse for service with the British Army not having been enforced on Mysore for a long series of years, the Durbar have always felt that it was not equitable to add the cost of that force to the subsidy in 1881 as if it had been a current and subsisting obligation.

4. But apart from the addition of Subsidy of 10½ lakhs levied since 1896, the entire question of the subsidy will bear re-examination under the altered circumstances of the present time. In 1799 when the original subsidy of 7 lakhs of Star Pagodas per annum equivalent to 24½ lakhs of rupees was fixed, the condition of the country was such that the details of such treaties between the East India Company and

'ative States had to be necessarily fixed solely with reference to the needs and exigencies of each individual case. In the disturbed condition of the country as it then stood there could be no question of comparison with other States. Happily after the lapse of a hundred and twenty years the circumstances are so changed as to make comparison possible and standardisation desirable. India including the Native States is on the eve of a new period in her history. The time may not be considered inopportune for readjusting the situation as regards the subsidy created by the old and historic treaty executed under entirely different circumstances.

5. The Durbar feel confident that such a readjustment is called for on economic, financial and political grounds as stated in the Memorandum. Besides the cash subsidy Mysore pays a large indirect subsidy to the British Government. Every inhabitant of the State pays an indirect tax to the British Government in the shape of Salt and Customs Duties. The State also contributes to the Indian Exchequer in various other ways, i.e., as profits on the circulation of Currency Notes, profits on coinage of silver, profits on coinage of bronze and nickel coins, profits of the Postal and Telegraph Departments, etc. The expenditure on the Imperial Service Lancers and the Imperial Service Transport Corps may also be regarded as a voluntary and indirect subsidy. A careful calculation shows that the indirect subsidy paid in this way by the Mysore State to the British Government aggregates about 51 lakhs (vide annexure 1). This together with the cash subsidy amounts to 36 lakhs. Taking the direct and indirect subsidy paid by Mysore as its contribution towards the cost of the forces including the Imperial Service Regiments maintained for the defence of India, the rate of contribution per head of population of Mysore comes to Rs. 1-51 In the case of India including British possessions

and Indian States the corresponding average figure works out to less than one rupee on the basis of average figures for the years 1912-13 to 1914-15 (vide annexure P) This shows that considerably more is taken from Mysore than the proportionate share of the cost of the army maintained for the defence of India on the population basis. Considering the fact that many the vast majority of the Indian States enjoy the protection of the Indian Army practically free and also that Mysore surrounded as it is on all sides by the British Districts does not impose any specially heavy burden on the Indian Army, the indirect subsidy contributed by the population amounting to 51 lakhs and working to an average of Re.'9 per head of population may perhaps be regarded as an adequate contribution. In making this comparison the recent increase in military charges of the Government of India which is due to the War and to a great extent of a temporary character and towards which Mysore has contributed apart from the subsidy calculation has not been taken into account.

6. As explained in the Memorandum that the financial result of such excessive charges under the head "Defence" is that in spite of taxation being fairly high there is no appreciable surplusin the budget and funds are not available for development. There is crying need in all parts of the State for substantial and rapid progress in the fields of education and agriculture, in sanitation and medical relief, in Industries and in Commerce. The subordinate staff in most of the departments is very much underpaid and this materially affects the efficiency of their working. Many schemes have been received from Heads of Departments and experts and from special Committees appointed for the purpose but they are held up only on financial grounds. The Durbar are doing what is possible to augment their resources both as regards tax-revenue and non-tax-revenue. Irrigation projects, Railway schemes and

Industrial schemes likely to bring in more revenue are being pushed on as rapidly as possible. It has also been decided, as the Government of India are aware, to levy an Income-tax on non-agricultural incomes accruing within the State. But in spite of all these endeavours it is found that as long as the heavy subsidy continues the financial position of the State will not be as satisfactory as might be desired.

7. In its political aspects also the question deserves favourable and sympathetic consideration. Mysore stands in the same position to the Government of India as any other Native State. The total area of all the States and Agencies in India is 675,267 sq. miles of which Mysore contains 29,461 sq. miles, i.e., 4.7 %. Similarly the total population in Indian States is 70,864,995; of this Mysore contains 5,705,359 i.e., 8.2 %. As regards tribute out of the total amount of £ 612,429 Mysore pays £ 233,333, i.e. 39.5 % (vide annexure C) These figures clearly show that as regards economic development and progress the population of Mysore suffer from a very serious disadvantage by having to pay tribute to the Imperial Government on a scale which is far in excess of that required of the population of other States in India.

8. The Durbar are always reluctant to put forward any proposal which may cause the least embarrassment to the supreme Government and it is for this reason that they have not put forward such a representation as long as financial relief was not absolutely necessary. But they now feel that the rectification of the anomalous situation of the Mysore State and the disadvantageous position of its population in the matter of tribute may appropriately form one of the post-war readjustments in the Indian political system. When compared with the amount dealtwith in the British Indian Budget the Mysore subsidy is too insignificant an item to cause any appreciable dislocatio

After all, any increase in the economic prosperity of the people of Mysore or development of the resources of the State is of advantage to the Government of India; for in times of necessity the entire resources of the State are at the disposal of the paramount power. Mysore has given ample proof during the great War.

9. In the circumstances explained in the foregoing paragraphs the Durbar earnestly hope that the Government of India will be pleased to sanction the abolition of the annual cash subsidy that is now payable by the Mysore Durbar. The State will continue to bear the indirect subsidy levied on the population in Salt and Customs duties and in other ways, the amount thus contributed being, as already stated, about 53 lakhs per annum. To symbolize the ties of the deepest gratitude by which the House of His Highness the Maharaja is bound to the British Government and his keen sense of obligation to that Government the Durbar will, if required, arrange to send every year some tribute in kind consisting of the peculiar products of the State such as Sandal wood and Ivory. Such a practice will be quite in accordance with ancient Indian custom. The main point for consideration in this connection is whether amongst the Indian States, Mysore should continue to occupy an invidious and, judged by popular standards, a markedly inferior position by being required to pay a heavy cash tribute or whether it should be brought into line with other Indian States of the first rank: whether the population of Mysore should continue to bear a burden from which the subjects of most of the Indian States are practically free or whether they should enjoy the same financial facilities as regards economic and educational development. At a time when the whole world is rejoicing in the prospect of a long-continued era of peace and progress and all nations are calling forth all their resources for development in the direction of a fuller

and higher life, His Highness the Maharaja places this case in the hands of the Government of India with the fullest confidence and in earnest expectation of a just and generous decision on this naturally important question.